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NATO: The difficult questions the NATO ministerial meeting will be dealing with starting today could generate considerable friction.

Of most pressing concern will be a review of the results of the CSCE and MBFR preliminary talks and the efforts to untangle the dispute over their scheduling. The allies seem reasonably happy with the substance of these negotiations and may approve MBFR guidelines that closely follow the US position paper. Some of them, however, have reservations about the procedures that have been followed and feel that the US is not being tough enough. Canada, Holland, and Belgium may continue to insist that confirmation of a 3 July opening date for CSCE--agreed upon in Helsinki last week--be withheld until the Soviets consent to a definite starting date for MBFR.

Late last week, Belgium took the unprecedented step of boycotting an alliance meeting in Vienna to protest the failure to obtain a date, and to show displeasure with East-West consultative procedures that it feels do not adequately involve all the allies. Since then, Brussels has informed the press of its boycott and suspicions of superpower collusion.

The ministers will also take up the perennial question of burden-sharing. Although Europeans anticipate that they will be under exceptionally strong pressure from Washington, they seem unlikely to agree to anything stronger than a commitment to study the problem. Initial reactions to US suggestions that new cost-sharing arrangements be worked out have been cool. A number of allies have questioned the dimensions of US balance-of-payments problems and have suggested that other countries also incur costs in stationing forces elsewhere in Europe. Some believe any new arrangements to help the US will compete with efforts to maintain Western Europe's own forces.

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The NATO ministers are expected to discuss extensively--both in the meeting and in the corridors--the recent US request that a new "declaration of principles" on US-European relations be drafted. No definite conclusions are likely to be reached. Some of the ministers may feel that the effort to draft such a general declaration at this time would aggravate rather than ease the specific problems the alliance now faces.

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WEST GERMANY: The mark, which had been at or near the bottom of the joint European float, moved to the top on 12 June. The recent tightening of fiscal and monetary restraints, including the setting of the Bundesbank's rediscount rate at a near record high, probably contributed to the rise of the mark.

The mark's upward movement, although not unexpected, points up a possible dilemma for German policymakers between moderating inflation and co-operating with Bonn's partners in the joint float. If the new measures appear to be easing inflation, the mark could appreciate further and raise the entire floating band to a level unacceptable to the other members, particularly France. On the other hand, if the anti-inflation measures prove inadequate, Germany probably will be forced to consider stronger restraints, even at the risk of jeopardizing the joint float.

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